



PRESS RELEASE

Federal Deposit Insurance Corporation • Each Depositor insured to at least \$250,000

FOR IMMEDIATE RELEASE
March 19, 2010

Media Contact:
Greg Hernandez (202) 898-6993
Email: mediarequests@fdic.gov

Citizens South Bank, Gastonia, North Carolina, Assumes All of the Deposits of Bank of Hiwassee, Hiwassee, Georgia

Bank of Hiwassee, Hiwassee, Georgia, was closed today by the Georgia Department of Banking and Finance, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect the depositors, the FDIC entered into a purchase and assumption agreement with Citizens South Bank, Gastonia, North Carolina, to assume all of the deposits of Bank of Hiwassee.

The five branches of Bank of Hiwassee will reopen on Saturday as branches of Citizens South Bank. This transaction includes a branch office of Bank of Hiwassee in Blue Ridge, Georgia, operating under the business name of Bank of Blue Ridge, and the branch office in Blairsville, Georgia, operating under the name of the Bank of Blairsville. Depositors of Bank of Hiwassee will automatically become depositors of Citizens South Bank. Deposits will continue to be insured by the FDIC, so there is no need for customers to change their banking relationship to retain their deposit insurance coverage. Customers should continue to use their existing branch until they receive notice from Citizens South Bank that it has completed systems changes to allow other Citizens South Bank branches to process their accounts as well.

This evening and over the weekend, depositors of Bank of Hiwassee can access their money by writing checks or using ATM or debit cards. Checks drawn on the bank will continue to be processed. Loan customers should continue to make their payments as usual.

As of December 31, 2009, Bank of Hiwassee had approximately \$377.8 million in total assets and \$339.6 million in total deposits. Citizens South Bank will pay the FDIC a premium of one percent to assume all of the deposits of Bank of Hiwassee. In addition to assuming all of the deposits of the failed bank, Citizens South Bank agreed to purchase essentially all of the assets.



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

FDIC press releases and other information are available on the Internet at www.fdic.gov, by subscription electronically (go to www.fdic.gov/about/subscriptions/index.html) and may also be obtained through the FDIC's Public Information Center (877-275-3342 or 703-562-2200). **PR-60-2010**

The FDIC and Citizens South Bank entered into a loss-share transaction on \$232.6 million of Bank of Hiawassee's assets. Citizens South Bank will share in the losses on the asset pools covered under the loss-share agreement. The loss-share transaction is projected to maximize returns on the assets covered by keeping them in the private sector. The transaction also is expected to minimize disruptions for loan customers. For more information on loss share, please visit: <http://www.fdic.gov/bank/individual/failed/lossshare/index.html>.

Customers who have questions about today's transaction can call the FDIC toll-free at 1-800-508-8289. The phone number will be operational this evening until 9:00 p.m., Eastern Daylight Time (EDT); on Saturday from 9:00 a.m. to 6:00 p.m., EDT; on Sunday from noon to 6:00 p.m., EDT; and thereafter from 8:00 a.m. to 8:00 p.m., EDT. Interested parties also can visit the FDIC's Web site at <http://www.fdic.gov/bank/individual/failed/bankofhiawassee.html>.

The FDIC estimates that the cost to the Deposit Insurance Fund (DIF) will be \$137.7 million. Citizens South Bank's acquisition of all the deposits was the "least costly" resolution for the FDIC's DIF compared to all alternatives. Bank of Hiawassee is the 35th FDIC-insured institution to fail in the nation this year, and the fifth in Georgia. The last FDIC-insured institution closed in the state was Appalachian Community Bank, Ellijay, earlier today.
